

2006-2007 PERFORMANCE PLAN – PORTFOLIO MANAGER, CURRENCY AND INTERNATIONAL FIXED INCOME (BUSAY)

Quantitative Performance Measures

| Weight | Factor | Performance Measure | Incentive Schedule |
|--------|--|--|--|
| 40% | Internal Passive Currency Overlay Management | Net of Fees, return in basis points relative to: Passive currency overlay portfolio – PERS Pareto CCR {SW5PB – YET2} | > -50 basis points = 0 > -30 basis points = 1.0 > -20 basis points = 1.5 |
| 30% | CalPERS Domestic Fixed Income (FI), Internal | Net of Fees, excess returns in basis points relative to: Domestic Fixed Income (FI), Internal—CalPERS Custom LEH LPF {SW4KA1 – CALCCLP2} | 0 basis points = 0 +40 basis points = 1.0 +60 basis points = 1.5 |
| 15% | Active International Fixed Income Managers | Net of Fees, excess returns in basis points relative to: Aggregate of the International Fixed Income Managers -CalPERS World Govt X US {SJDCA1 – CALWGXU2} | 0 basis points = 0 +40 basis points = 1.0 +60 basis points = 1.5 |
| 85% | Subtotal | Quantitative Measures | |

Qualitative Performance Measures

| Weight | Factor | Performance Measure | Incentive Schedule |
|--------|------------|---------------------------------------|--------------------|
| 15% | Leadership | TBD | |
| 15% | Subtotal | Qualitative Measures | |
| 100% | Total | Quantitative and Qualitative Measures | |

Supervisor's Approval: *Original signed by Curtis Ishii*

Date: June 7, 2006